Background & AQMD Perspective

Presented to

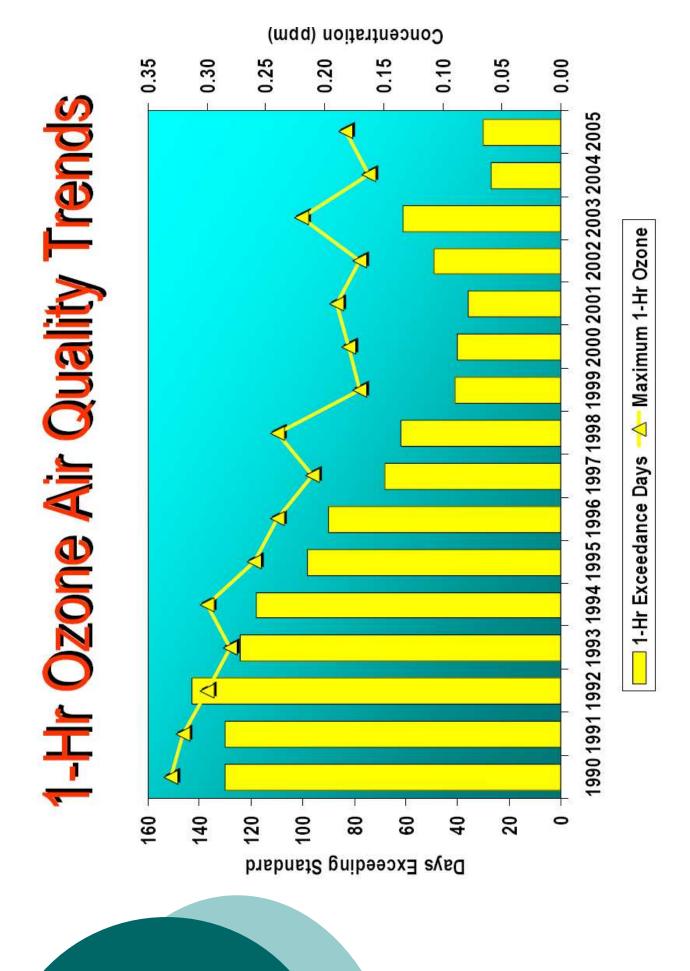
Biodiesel Forum & Technical Roundtable

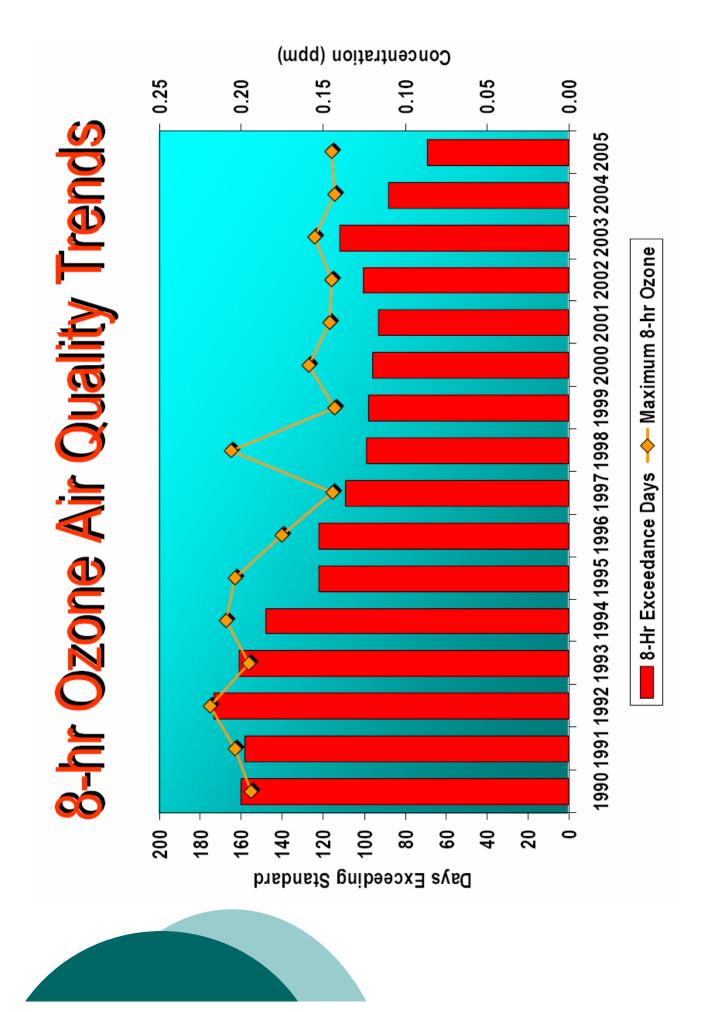
November 7, 2006
Diamond Bar, CA

Paul Wuebben Clean Fuels Officer South Coast Air Quality Management District

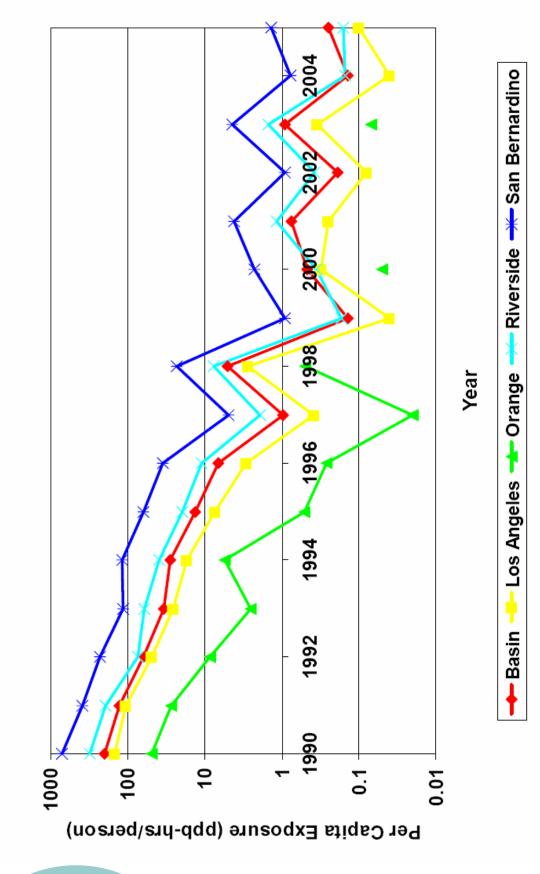
Outline

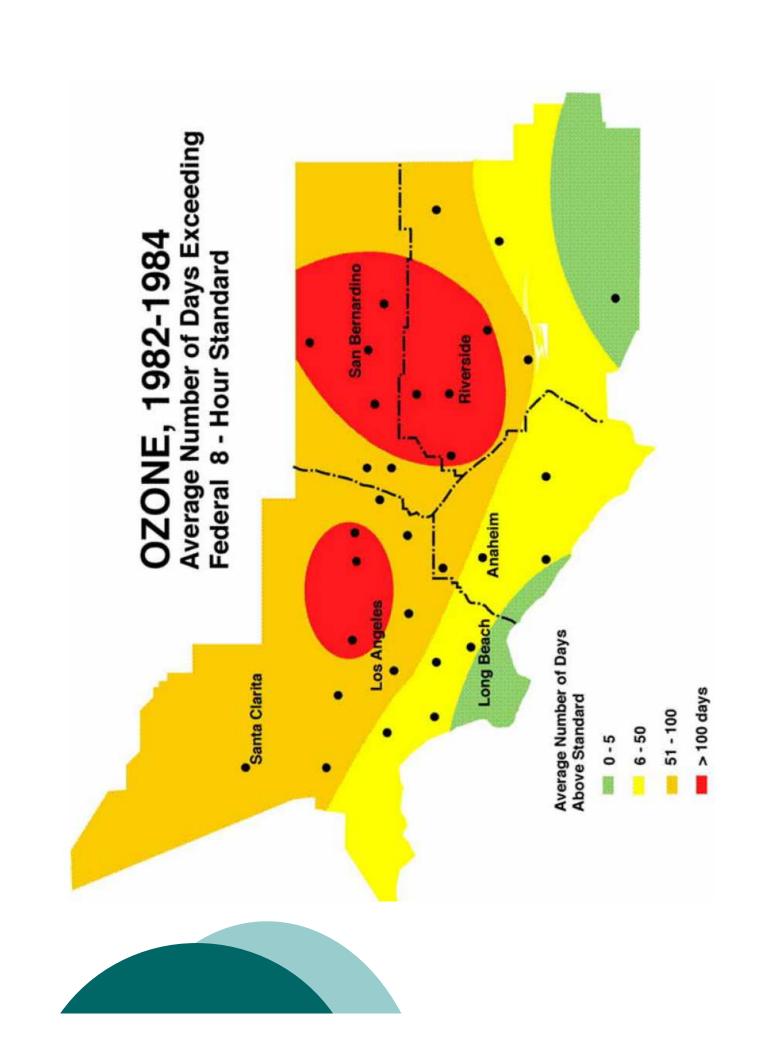
- Air Quality context
- Biodiesel emission benefits and issues
- Development status and opportunities
- Research and development needs
- Key Questions for this forum

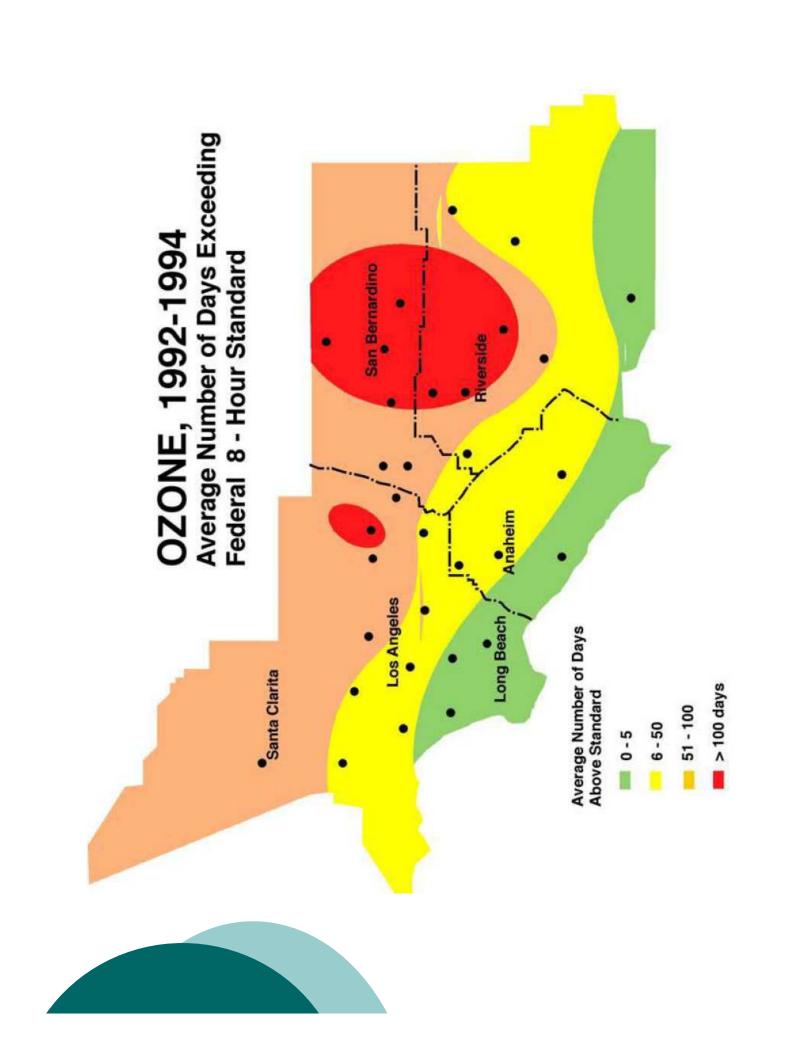


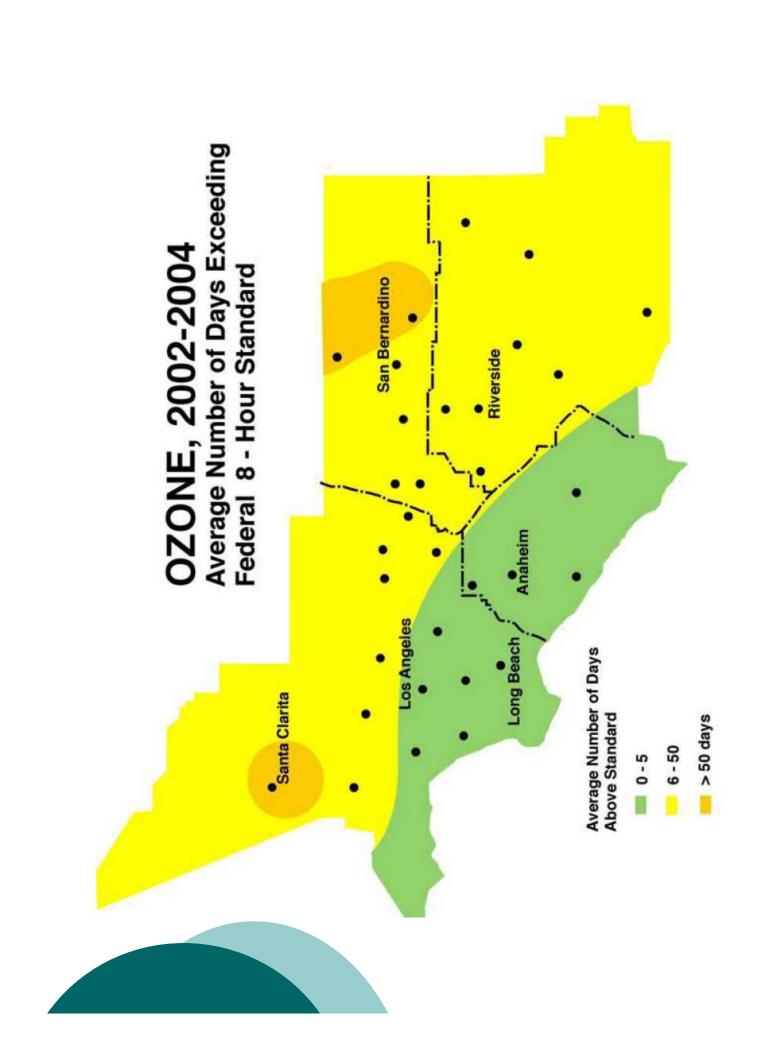


Above the Federal 1-Hour Standard Per Capita Ozone Exposure









Strategic Drivers

- Air Quality
- Energy Resource Depletion (peak production etc.)
- Security / Stability of Imports
- Severe Climate Change

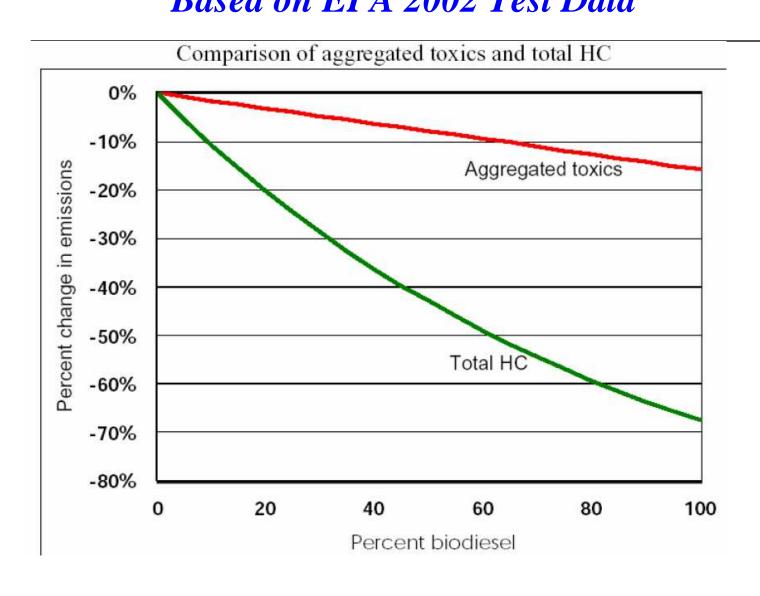
AQMD Perspective on Biodiesel



Biodiesel Commercialization Trends:

- Total of 19 million B100 gallons in 2004
- 50 million gallons estimated in 2005
- \circ CA usage of B100 \approx 2 MM gallons for 2005
- Strongest users: US military fleets
- Neste Oil (Finland)
 - 2nd generation: 84 99 cetane
- World Energy current largest US producer
- Most effective incentives:
 - blender incentives & excise tax relief

Reduction in HC + Toxic EmissionsBased on EPA 2002 Test Data



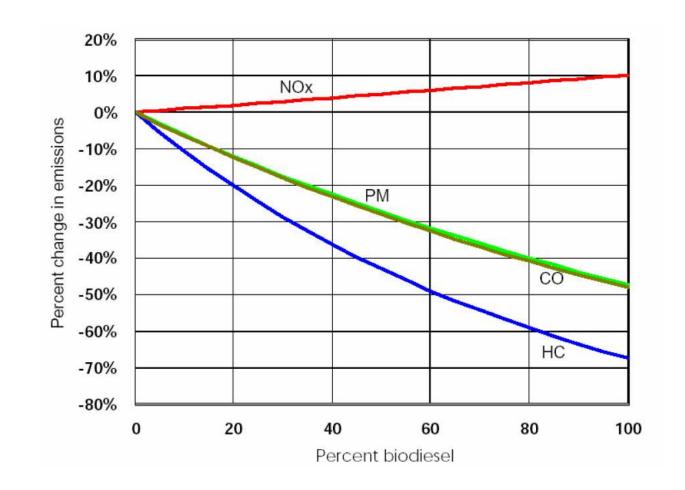
EPA Engine Test Results - 2002

 PM
 NOx

 B-5
 - 5%
 uncertain

 B-20
 - 12%
 + 2% +/

 B-100
 - 48%
 + 10% +/



Market Development Issues:

- Feedstock reliability
- Consistency of Product Formulation
- Blend level policy

- < 2% ? < 5% ? < 20% ? Other % ?
- Oxidative Stability / Gumming potential
- **Engine Durability**
- Effects on Warranties (OEM + retrofit)
- NOx emissions, including off-cycle effects
- "Unintended consequences":
 - **Need for detailed Multimedia Review?**
- Effect on Fuel Economy

SCAQMD Biodiesel Policies

- Need to specify composition / source
- Initial focus: agricultural uses
- Focus on blends < 20%
 - start with lowest blends of 2 to 3%, etc.
- Need for no net increase in NOx
 - NOx reductions achieved concurrently
- Need to better test data
 - Diversity of engines, test cycles, durability etc.
- Potential role in Air Quality Management
 Plan with sufficient NOx mitigation

Research & Development Needs

- In use emissions testing of diverse engines, applications and blend rates
- Assessment of supply potential to offset growing conventional diesel fuel demand
- Fuel quality assurance reporting / monitoring
- Assessment of alternative formulations to optimize emissions, performance & durability

Biofuel Pathways are Diverse:

- **Sugar Based Bio-refinery:** Hydrolysis of fibrous biomass to form soluble sugars, using enzymes or acid catalysts, followed by microbial conversion of sugars to ethanol and other products.
- Syngas Based Bio-refinery: Thermo-chemical production of biofuels using gasification to form synthesis gas, with subsequent production of methanol, ethanol and/or FT-diesel.
 - [key challenge: reduce excess carbon in syngas through hydrogenation]
- Renewable Diesel from Fats and Oils: The use of natural oils through biological and thermo-chemical routes.

9 Key Questions for the Forum

- 1) What are the air quality benefits and issues associated with biodiesel?
- 2) What impact does biodiesel use have on engine performance and emissions warranties?
- 3) What level of biodiesel should be targeted for blending with conventional diesel?

9 Key Questions for the Forum (cont.)

- 4) What steps should be taken to enhance the specifications for biodiesel?
- 5) What are the key factors affecting supply and costs?
- 6) What vehicle and supply test data and evaluations are needed going forward?

9 Key Questions for the Forum (cont.)

- 7) What policies should the AQMD pursue with regard to future use of biodiesel?
- 8) What is the potential of biodiesel to replace diesel in the U.S.
- 9) What should be the technical R & D focus for the air agencies like AQMD on biodiesel

Thank you for this opportunity

